

PLEASE NOTE VENUE

FINANCE AND EFFICIENCY PORTFOLIO DECISION SCHEDULE



Monday 23rd July 2007

at 10am

**in the Blue Room, Avondale Centre, Dyke House School
(Raby Road entrance)**

Councillor Payne, Cabinet Member responsible for Finance and Efficiency will consider the following items.

1. KEY DECISIONS

None

2. OTHER ITEMS REQUIRING DECISION

- 2.1 Counter Benefit Fraud Report 2006/07 – Chief Financial Officer
- 2.2 Financial Inclusion Developments – Chief Financial Officer
- 2.3 Benefits CPA submission 2007 and the results of the Benefits BVPI survey 2006/07 – Chief Financial Officer
- 2.4 Property Performance Management 2006/07 – Head of Procurement and Property Services
- 2.5 Procurement Update and Actions – Head of Procurement and Property Services
- 2.6 Energy Management Consumption and Cost – Head of Procurement and Property Services
- 2.7 Regional Collaborative Procurement Programme – Head of Procurement and Property Services
- 2.8 Proposed Sale of Leicester Grove Garage Forecourt – Head of Procurement and Property Services

3. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

None

FINANCE AND EFFICIENCY PORTFOLIO

Report to Portfolio Holder

23rd July 2007



Report of: Chief Financial Officer

Subject: COUNTER BENEFIT FRAUD REPORT 2006/7

SUMMARY

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide accountability to the portfolio holder on the performance and effectiveness of the Council's arrangements for discharging its benefit counter fraud responsibilities.

2. SUMMARY OF CONTENTS

- 2.1. The report provides details of the Council's benefits fraud responsibilities, the framework of controls and operational activities that the Council deploys and evidence of the levels of counter fraud activity and outcomes including formal sanctions that the Council has achieved.

3. RELEVANCE TO PORTFOLIO MEMBER

- 3.1. The report provides accountability from a performance management perspective to the relevant portfolio holder.

4. TYPE OF DECISION

- 4.1. Non Key decision.

5. DECISION MAKING ROUTE

- 5.1 Finance and Efficiency Portfolio Holder only.

6. DECISION REQUIRED

Note the report.

Report of: Chief Financial Officer

Subject: COUNTER BENEFIT FRAUD REPORT 2006/7

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is to provide accountability to the portfolio holder on the performance and effectiveness of the Council's arrangements for discharging its benefit counter fraud responsibilities.

2. BACKGROUND

- 2.1. The Council annually processes and pays about £40m of housing and council tax benefit on behalf of the Department for Work and Pensions (DWP). Inherent in this administrative responsibility is a requirement to operate effective administrative procedures and verification arrangements to minimise the risk of fraud and error entering the system.
- 2.2. In addition, the Council has a responsibility to ensure that as part of its Internal Security framework it has in place a series of controls to ensure that any risk of internal fraud is minimised. In this regard, the Council ensures compliance with DWP National Performance Standards and the operation of effective control and security over:
 - IT systems
 - payment and accounting mechanisms
 - recruitment
 - post opening
- 2.3. This report focuses on the Council's Counter Benefit Fraud arrangements ie. the procedures and processes for dealing with the detection and investigation of fraud and demonstrates the action taken against identified fraud.

3. COUNTER BENEFIT FRAUD ARRANGEMENTS

3.1. Fraud Referrals

- 3.1.1 The Council recognises the importance of effective arrangements for ensuring claim processing staff only refer appropriate potential fraud cases for investigation to minimise the risk of any waste of scarce investigation resources. Effective referral arrangements also serve to give an indication of types of fraud that are becoming prevalent in the area and reaffirm the Council's reputation for rigour in claims processing.

- 3.1.2 The Council ensures effective arrangements by undertaking ongoing referral fraud awareness training of its processing staff and officers of Housing Hartlepool; providing comprehensive feedback to the officer referrer when a fraud is proven and by providing regular general feedback to processing staff on the activities and success of fraud investigations activity.
- 3.1.3 The Council also appreciates the importance of encouraging referrals from all possible sources by providing a Benefit Fraud Hotline Telephone Service and a Fraud Referral Form on the Council's web site to allow the public or staff to report suspicions. An answer phone service is available outside of the working hours and the Council actively promotes this number.

3.2 Interventions Activity

- 3.2.1. The DWP operates arrangements with local authorities to find fraud and error in live claims by the use of data matching and risk analysis. Every month a detailed breakdown of the Council's benefit cases are passed to the DWP's Housing Benefit Matching Service who match the Council's records with other DWP records to ensure the information the Council holds (and on which benefit is paid) is correct. Any mis-matches or differences in the data are identified and reported back to the Council for investigation.
- 3.2.2. In addition, the Council receives monthly from the HBMS a list of high risk cases from which a sample will receive an Interventions Review by the Council. This review takes the form of either a formal interventions visit to the claimant or a postal review where the claimant is required to provide details of their current financial / home circumstances.
- 3.2.3. The DWP defines a target level of Interventions activity that the Council must undertake annually. The Council's performance for 2006/7 exceeded the Standards set by the DWP and is detailed in the table below:

Interventions Activity Performance against DWP Targets 2006/7

Performance Standards	DWP Target 2006/7	HBC Actual 2006/7
Number of Interventions Visits and follow up activity	2,060	2,408
Number of Interventions Postal Reviews and follow up activity	4,120	4,179
Total	6,180	6,587

- 3.2.4. Interventions activity is designed to identify fraud and error in live benefit claims that are in payment. The table below summarises the outcomes of Interventions Activity on benefit entitlement in 2006/7.

Interventions Activity Results 2006/7

Interventions Activity Visits and Postal Reviews resulting in	Number	%
Benefit entitlement remaining unchanged	4712	71
Benefit entitlement reducing	1162	18
Benefit entitlement increasing	713	11
Total	6587	100

3.3. Quality Fraud Investigations

3.3.1. With limited resources the Council's arrangements are concerned with ensuring that investigations are focussed to make best use of resources and to ensure that each case is thoroughly investigated and proper consideration given to recommending closure or a sanction. The Council's arrangements comply with a number of good practices as defined by the DWP by:

- operating a Code of Conduct for investigators
- evaluating all referrals received using a scoring matrix to determine whether a full investigation is appropriate (see Appendix A)
- ensuring all Council Benefit Investigation staff have attained the Professionalism in Security (PINS) qualification
- tracking all fraud referrals and progress on them by individual investigator
- ensuring all Investigation Staff are trained in effective interviewing techniques and on standards of evidence required for the application of formal sanctions
- ensuring interviews are carried out under caution in accordance with the Police and Criminal Evidence Act when the investigator has grounds to suspect that a person has committed an offence
- ensuring all investigation staff have been formally legally authorised to obtain relevant information from external organisations

3.4 Joint Working with DWP Investigation Staff

3.4.1. The Council embraces closer working with the DWP on investigations activity. A Service Level Agreement is in place (subject to quarterly review) which defines each organisation's responsibilities and assistance commitments

when investigating fraud cases. These coordination arrangements maximise the application of available scarce investigation resources and assist in ensuring consistency in investigation standards and the sharing of good practice.

- 3.4.2. In 2006/7 a total of 56 cases have been the subject of joint working between the Council and the DWP. Whilst 25 of these cases are still being investigated, 6 cases have resulted in the imposition of sanctions namely 3 cautions and 1 administrative penalty and 2 successful prosecutions and 4 ongoing prosecution cases.

4 SANCTIONS ACTIVITY

- 4.1. In cases of fraudulent activity, the overpayment of benefit that has occurred is repayable by the claimant. In addition, the Council must determine in accordance with its Prosecution and Sanctions Framework what action is appropriate. This framework provides consistency for decision making and the options available include:

- a formal caution (which is subsequently recorded on the DWP database)
- an administrative penalty which is 30% of the value of the overpayment and is payable in addition to the overpayment
- prosecution

- 4.2. The level of sanctions achieved in 2006/7 marks a substantial improvement over the previous year reflecting the impact of training and development of investigation staff, more robust case referral evaluation arrangements and from the inputs from employing a contractor for a number of months.

Sanctions Achieved 2006/7 and 2005/6

	2006/7	2005/6
Number of Cautions	60	31
Number of Administrative Penalties	25	6
Number of Prosecutions	3	6
Total	88	43

5 RECOMMENDATION

- 5.1. The portfolio holder is requested to note the Council's arrangements and performance in 2006/7 on Counter Benefit Fraud activity.

FINANCE AND EFFICIENCY PORTFOLIO
23rd July 2007



Report of: Chief Financial Officer

Subject: Financial Inclusion Developments

SUMMARY

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to inform the portfolio holder on the development of financial inclusion arrangements within the Borough.

2. SUMMARY OF CONTENTS

- 2.1. The report provides details of the Financial Inclusion Partnership, the strategy of developing access to secure banking facilities for those that are disadvantaged and how such arrangements will become strategically important for both the Council and Housing Hartlepool with the advent of the Local Housing Allowance Scheme.

3. RELEVANCE TO PORTFOLIO MEMBER

- 3.1. Financial Inclusion arrangements, including the Council's Revenues and Benefits Anti Poverty strategy and measures to minimise hardship are relevant to Finance and Efficiency portfolio holder.

4 TYPE OF DECISION

- 4.1 Non Key decision.

5. DECISION MAKING ROUTE

- 5.1 Finance and Efficiency Portfolio Holder only.

6 DECISION REQUIRED

Note the report.

Report of: Chief Financial Officer

Subject: Financial Inclusion Developments

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is to inform the portfolio holder on the development of financial inclusion arrangements within the Borough.

2. BACKGROUND

- 2.1. The Financial Inclusion Partnership was established following the Money Matters Conference organised by Hartlepool Credit Union and Hartlepool New Deal for Communities (NDC) in 2005 as a direct response to resident, public, private and voluntary sector concerns about financial and social exclusion in Hartlepool. Since that time the Partnership has been working hard to raise the profile of financial inclusion issues. The Partnership comprises a number of organisations and agencies including Housing Hartlepool, the NDC and Hartlepool BC.
- 2.2. The Partnership is committed to supporting people to be more financially literate, to ensure there are effective arrangements for providing advice and guidance to those in need, to education at all levels and to the development of effective banking arrangements through the Credit Union.
- 2.3. Over-indebtedness has a significant impact on individuals, their families and the wider community. Furthermore, those that are disadvantaged often struggle to access affordable lines of credit that are available to more affluent individuals, which compounds their problems of managing on limited resources. In practice this can often result in the disadvantaged taking credit through expensive routes eg. high cost retail providers, doorstep lenders and illegal loan sharks. The high rates of interest typically attached to such credit adds to the financial challenges faced by the disadvantaged. Unfortunately, these loans are often taken out to pay for the most basic necessities such as school uniforms, furniture and white goods.
- 2.4. Those that are financially disadvantaged often face problems in establishing bank accounts and in avoiding incurring banking charges. This is significant as the operation of a bank account from which direct debit payments can be made can mean that the individual can then usually access discounts on the cost of a range of important services including electricity, gas, water, phones etc. Also without direct debit, it is harder to manage your finances and easier to fall into arrears. Furthermore, the lack of a bank account can impact on the ability to find work as most employers pay wages directly into an account.

2.5. The government have recognised financial inclusion issues and have set up a Financial Inclusion Fund of £126m to help people who are financially excluded which will run until April 2008 and is being co-ordinated by the Department for Work and Pensions. The national Financial Inclusion programme has 3 key themes:

- Funding the cost of extra money advisors across the UK to improve the financial capability of financially excluded people
- The development of Money Advice outreach projects in local communities
- The Growth Fund (£42m) to increase the availability of affordable loans to those that cannot normally borrow from banks and other high street lenders. This affordable loan service is being delivered by credit unions and community development finance institutions in deprived areas throughout England, Scotland and Wales.

Early results suggest the Financial Inclusion Fund is having a positive impact, however future national funding will be dependent on the outcome of the government's 2007 comprehensive spending review.

2.6. In Hartlepool, the Credit Union has been successful in bidding for Growth Fund monies which have enabled the union to increase the volume and value of loans that can be made. However, under the current administration arrangements, the Credit Union is utilising software for account management which is limited in its functionality and the range of services that can be provided is restricted.

3. **FUTURE DEVELOPMENTS / CHALLENGES**

3.1. In April 2008, the Council will be responsible for implementing local housing allowance for housing benefit, covering tenants in the private rented sector. The scheme will only apply to those benefit claimants when they move property or have a break in their claim. One of the elements of local housing allowance is that payment of benefit will normally be to the claimant and not the landlord. This change is in line with the government desire to extend the principle of tenant responsibility. This initiative requires the benefit recipient to have access to a bank account into which housing benefit can be paid. Unfortunately, it can be difficult for the disadvantaged to establish bank accounts and one option available is for the Council to pay local housing allowance to the Credit Union who will then establish secure accounts for the benefit claimant and from which bills including housing rent can be paid.

3.2. The government have previously expressed a desire to extend the principles of personal tenant responsibility to the social rented sector, which would impact on registered social landlords including Housing Hartlepool who would no longer receive benefit payments directly from the Council.

3.3. The Co-operative Bank are the Council's bankers and the Bank has for a number of years recognised the importance of working with the Association of British Credit Unions in identifying alternative affordable credit options for those on low incomes. The Council and Hartlepool Credit Union have been

engaging with the Co-operative Bank who are “committed to the sustainable improvement of communities in line with co-operative values and principles” on a possible solution that would enable the Credit Union to develop the range of services it provides but which will also provide a vehicle to assist the Council and Housing Hartlepool (as a key stakeholder) on the arrangements for the future payment of local housing allowance.

- 3.4 The Co-operative Bank have developed an arrangement whereby they will licence the use of banking software to Credit Unions for account management. The arrangement allows members of the Credit Union to have a debit card linked to their account that can be used in shops and to withdraw money from cash machines. Additionally, account holders will be able to set up standing orders and direct debits. Whilst the account would be run, owned and promoted by the Hartlepool Credit Union, behind the scenes specialist services and technical administration is carried out by the Co-operative Bank.
- 3.5 Full details of the cost implications of the Co-operative Bank licence arrangement are to be confirmed but it is probable that key stakeholders will be approached regarding a financial contribution to reflect the value to the stakeholder and the wider community.

4. **RECOMMENDATION**

- 4.1 The Portfolio Holder is requested to note the initiatives to develop financial inclusions within the borough.

FINANCE AND EFFICIENCY PORTFOLIO
23rd July 2007



Report of: Chief Financial Officer

Subject: Benefits CPA submission 2007 and the results of the Benefits BVPI survey 2006/7

SUMMARY

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to inform the Portfolio Holder of the results of the recent submission to the Benefit Fraud Inspectorate (BFI) in relation to the Benefits Service for the purposes of CPA and the results of the most recent Benefits BVPI survey.

2. SUMMARY OF CONTENTS

- 2.1. The report provides details of the Council's performance in relation to national DWP standards on Benefits and the results of the most recent submission and surveys undertaken in 2006/7.

3. RELEVANCE TO PORTFOLIO MEMBER

- 3.1. The report provides accountability for the delivery of benefit services which are within the remit of the relevant portfolio holder.

4. TYPE OF DECISION

- 4.1. Non Key decision.

5. DECISION MAKING ROUTE

- 5.1 Finance and Efficiency Portfolio Holder only.

6. DECISION REQUIRED

Note the report.

Report of: Chief Financial Officer

Subject: Benefits CPA submission 2007 and the results of the Benefits BVPI survey 2006/7

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is to provide accountability to the portfolio holder on the performance and effectiveness of the Council's Benefits Service, in particular in relation to the CPA –Benefits submission and the results of the BVPI Benefits satisfaction survey in 2006/7.

2. BACKGROUND TO BVPI SURVEY

- 2.1. The BVPI 80 survey is carried out every three years by all local authorities which administer benefits. The purpose of the survey is to collate data on customer satisfaction levels by gaining feedback from residents on all aspects of the Benefits Service. This will help to assess the quality of the service and highlight any areas where improvement is required. Questionnaires are sent to a random sample of customers who have made a claim for Housing and / or Council Tax Benefit. The questionnaires are issued in August 2006 and January 2007. The survey covers 2 windows, June/July 2006 and November/December 2006. It covers aspects such as 'Getting in touch', 'Visiting the office', 'Benefits staff', 'Speed of the service'

- 2.2. Below is a table which shows the results of this years survey and compares those results with the last survey which took place in 2004.

BV	Satisfaction With	Total % "Very " or "fairly" satisfied 2007	Total % "Very " or "fairly" satisfied 2004	% change on previous survey
80A	Contact with the office	85%	80%	+ 5%
80B	Service in the office	83%	80%	+ 3%
80C	Telephone service	83%	75%	+ 8%
80D	Staff in the office	86%	80%	+ 6%
80E	Forms	68%	70%	- 2%
80F	Speed of service	78%	65%	+ 13%
80G	Overall satisfaction	84%	75%	+ 9%

- The table shows that there has been an improvement in customer satisfaction in all areas other than the application form. By necessity, the range of information that needs to be collected to enable a benefit claim to be assessed is significant. In order to help alleviate this problem the Benefits Team has introduced mobile working where an experienced member of staff will visit the customer in their own home and complete an electronic claim form with the claimant.

3. CPA SUBMISSION

3.1. Background

All English single tier authorities will undergo a Comprehensive Performance Assessment update review in 2007. As part of this process the Benefit Fraud Inspectorate assesses the Housing Benefit and Council Tax Benefit services provided by these councils against the HB/CTB performance standards. The assessment is based on a full years performance data. For CPA 2007 this is the financial year 2006/7.

The BFI will base their assessment on:

- A review of the self –assessment pro-forma and supporting evidence provided by the Council
- Consideration of the Councils Best Value Performance Indicators and other performance measures

3.2 Overall Performance

- 3.2.1. The self assessment pro-forma which has been completed indicates that the Council met 10 of the 12 performance measures where the Department for Work and Pensions has set a standard and 64 of the 65 enablers. This is expected to produce the score shown below.

Performance Standards score	Excellent
Audit Commission score	4

3.2.2. The following table compares the indicative scores for the individual Performance Standards theme scores for 2007 with the results for 2006.

Performance Standards theme scores			
Theme	2006	2007	Change
Claims administration	4	4	=
Security	4	4	=
User focus	2	3	↑
Resource management	4	4	=
Overall score	4	4	=

This indicates that performance levels have been sustained and improvements in user focus delivered.

3.2.3. Claims Administration

The table below shows the Authority's performance in relation to claims administration

Claims administration performance measures 2006/07						
Performance measure	Standard	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full year
PM 1: Average time for processing new claims	30 days	25	23	28	27	26 days
PM 2: New claims outstanding over 50 days	9%					6%
PM 3: New claims decided within 14 days of receiving all information	90%					94%
PM 4: Rent allowance claims paid on time or within 7 days of a decision being made	90%					96.5%

PM 5: Average time for processing changes of circumstances	9 days	10	8	11	4	7 days
PM 6: Cases for which the calculation of the amount of benefit due is correct	99%	100	99	100	98	99%

The Benefits Team are above standard on all of the performance measures relating to claims administration. In addition to this the Authority has continued to exceed its targets in relation to reducing fraud and error and has secured 88 sanctions including 3 successful prosecutions during 2006/7.

4 RECOMMENDATION

- 4.1. The portfolio holder is requested to note the Council's arrangements and performance in 2006/7 in relation to the CPA submission and BVPI survey.

FINANCE AND EFFICIENCY PORTFOLIO

Report To Portfolio Holder

23rd July 2007



Report of: Head of Procurement and Property Services

Subject: PROPERTY PERFORMANCE MANAGEMENT
2006/07

SUMMARY

1.0 PURPOSE OF REPORT

To inform upon performance outcomes of the Council's land and property assets in respect the Corporate Property (COPROP) Performance Management Initiative Property Performance Indicators.

2.0 SUMMARY OF CONTENTS

Summary analysis of the National and Local Performance Indicators for 2006/07.

3.0 RELEVANCE TO PORTFOLIO MEMBER

Asset Management is key to the effective use of Council's property resources

4.0 TYPE OF DECISION

Non Key Decision

5.0 DECISION MAKING ROUTE

Finance and Efficiency Portfolio Holder

6.0 DECISION(S) REQUIRED

That the Portfolio Holder notes the progress made to date on property performance and the development of the COPROP Performance Management Initiative Property Performance Indicators.

Report of: Head of Procurement and Property Services

Subject: PROPERTY PERFORMANCE MANAGEMENT
2006/07

1. PURPOSE OF REPORT

- 1.1 To inform upon performance outcomes of the Council's land and property assets in respect the COPROP Performance Management Initiative Property Performance Indicators.

2. PROPERTY PERFORMANCE INDICATORS

- 2.1 The Asset Management programme for 07/08 approved at the 8 June 2007 meeting referred to Performance Measures and referenced the use of the National Property Performance initiative (NaPPMI) Property Performance Indicators that are being utilised.
- 2.2 The National Property Performance Management Initiative (NaPPMI) has been developed over the last two years to provide a suite of national and local indicators to measure the performance of local authority assets. This initiative was endorsed by the Office of the Deputy Prime Minister (ODPM) and is now supported by the Department for Communities and Local Government (DCLG).
- 2.3 The initiative enables effective benchmarking between authorities through the Institute of Public Finance (IPF) Asset Management Network.
- 2.4 Hartlepool Borough Council has actively embraced this initiative in the past and we propose that the new performance indicators are measured from 2007/08 and where appropriate measured for 2006/07. There are some indicators where there is currently insufficient data available.
- 2.5 The seven property performance indicators are:
- PMI 1 A,B,C,D National Indicator - Condition and Required Maintenance
 - PMI 2 A,B,C National Indicator - Environmental Property Issues
 - PMI 3 A & B Local Indicator - Suitability Surveys
 - PMI 4 A,B,C,D Local Indicator - Building Accessibility Surveys
 - PMI 5 A & B Local Indicator - Sufficiency
 - PMI 6 A,B Local Indicator - Spend
 - PMI 7 A,B,C,D Local Indicator - Time and Cost Predictability

- 2.6 The Council's property performance against all indicators for 06/07 is detailed in **Appendix 1**.
- 2.7 In addition there are local performance measures included in annual departmental and service plans which are monitored and reported on a quarterly basis.
- 2.8 Energy performance in terms of consumption and cost is also measured on a regular basis and there is a detailed report elsewhere on the agenda.

3. FINANCIAL IMPLICATIONS

- 3.1 In order to optimise the utilisation of assets in terms of service benefits, accessibility and financial return adequate, accurate and up to date Financial and Asset Management data is required combined with a set of Property Performance Indicators capable of National and Local comparison against other Authorities.
- 3.2 The Council's disposal strategy has continued with £744,968 in capital receipts being generated to support the capital programme.

4. CONCLUSIONS

- 4.1 It is important that the Council makes best use of its assets, whilst at the same time ensuring that an appropriate level of service is made available to all.
- 4.2 Consideration should be given to the cost implications of continually incurring cost on assets that are performing poorly and give rise to liabilities due to them not being maintained or kept in a safe condition. Work on the Council's future accommodation strategy and the shape of the authority will be linked with condition and suitability of the current portfolio.
- 4.3 In order to comply with the National Property Performance initiative Property Performance Indicators it is essential to have a comprehensive and detailed system of asset management in place. This is to enable informed and strategic decisions to be taken in line with the priorities in the Asset Management Plan and all the other Council key plans and strategies. Data is currently collected from a number of sources. There is a need for the Corporate Asset Management Group to work more closely together to get more consistent and accurate information available upon the property portfolio to develop the performance indicators.

5. RECOMMENDATIONS

- 5.1 That the Portfolio Holder notes the progress made to date on property performance and the development of the COPROP Performance Management Initiative Property Performance Indicators.

Indicator	Description	Performance 06/07
	PMI.1 A,B,C,D : Condition and Required Maintenance (National Indicator) Objectives To measure the condition of the asset for its current use To measure changes in condition To measure the annual spend on required maintenance	
PMI 1A	% GIA in condition categories A-D	Category Percentage A 1 B 56 C 43 D 0
PMI 1B	Required maintenance by cost expressed as: i) a total cost in priority levels 1–3 ii) as a % in priority levels 1-3 iii) overall cost per square metre GIA	Corporate P1 £40,000 P2 £2,500,000 P£ £2,200,000 Education P1 £0 P2 £6,000,000 P3 £5,800,000 £71
PMI 1C	Annual percentage change to total required maintenance over previous year	Corporate -35% Education -6%
PMI 1D	i) total spend on maintenance in previous year ii) total spend on maintenance per square metre GIA iii) Percentage split of total spend on maintenance between planned and responsive maintenance	£4M estimated £17 estimated 37% Reactive 63% Planned
	PMI2 A,B,C : Environmental Property Issues (National Indicator)	

APPENDIX 1

	Objective To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.	
PMI 2A	Energy Costs/Consumption (gas, electricity, oil, solid fuel) by property category in £ spend per m2 GIA and by volume m3 per m2 GIA <div>Schools Crematorium and Cemeteries Community Buildings Depot Education Non Schools Info Centres Libraries Museums & Art Galleries Administration Buildings Parks Buildings Public Toilets Day Centres Sports/Pool</div>	<div>Spend £kWh</div> <div>9.44212.92 31.861047.59 9.68241.07 10.81248.75 27.87257.64 7.1892.85 14.73245.71 14.43260.68 10.56186.40 31.50835.30 36.2999.76 8.97219.80 18.85518.67</div>
PMI 2B	Water Costs/Consumption – By property category in £ spend per m2 GIA and by volume m3 per m2 GIA <div>Schools Crematorium and Cemeteries Community Buildings Depot Education Non Schools Info Centres Libraries Museums & Art Galleries Administration Buildings Parks Buildings Public Toilets Day Centres Sports/Pool</div>	<div>Spend £Volume</div> <div>1.320.64 2.092.32 0.890.30 1.50.72 1.520.68 1.601.11 1.720.57 1.200.71 1.070.31 2.001.38 28.8224.17 1.680.73 2.301.40</div>
PMI 2C	CO2 Emissions by property category in tonnes of carbon dioxide per m2 GIA <div>Schools Crematorium and Cemeteries Community Buildings Depot Education Non Schools Info Centres Libraries Museums & Art Galleries Administration Buildings Parks Buildings Public Toilets Day Centres Sports/ Pools</div>	<div>30.95 200.28 46.69 48.22 112.28 19.50 48.49 51.91 37.22 160.62 20.95 42.58 99.51</div>
	PMI 3 A and B : Suitability Surveys	
	(Local Indicator)	

APPENDIX 1

	Objective To encourage Local Authority's to carry out Suitability Surveys enable identification of how assets support and contribute to the effectiveness of frontline service delivery i.e. are they fit for purpose.	
PMI 3A	% of Portfolio by GIA sq m for which a Suitability Survey has been undertaken in the last five years	85.19%
PMI 3B	Number of properties , for which a Suitability Survey has been undertaken in the last five years	91

	PMI 4 A,B,C,D – Building Accessible Surveys (Local Indicator)	
	Objective To monitor progress in providing access to buildings for people with disabilities.	
PMI 4 A	% of the portfolio for which an Access Audit has been undertaken by a competent person	100% of properties open to the public
PMI 4B	Number of properties, for which an Access Audit has been undertaken by a competent person	54 properties of buildings open to the public
PMI 4C	% of portfolio by GIA sq. m for which there is an Accessibility Plan in place	100% of properties open to the public
PMI 4D	Number of properties for which there is an Accessibility Plan in place	54

	PMI 5 A & B – Sufficiency (Capacity and Utilisation) - Office Portfolio (Local Indicator)	
	Objective To measure the capacity and utilisation of the office portfolio. There is an implicit assumption that services should be delivered in the minimum amount of space as space is costly to own and use. For a similar reason an authority should occupy a minimum of administrative accommodation.	

APPENDIX 1

PMI 5 A1	a) Operational office property as a percentage of the total portfolio and b) office space per head of population all calculations of space based on GIA	74% 0.37m sq (88,000 pop)
PMI 5 A2	Office space as a percentage of total floor space in operational office buildings using NOS to NIA	8%
PMI 5 A3	a) The number of office or operational buildings shared with other public agencies. b) The percentage of office or operational buildings shared with public agencies.	12 22%
PMI 5 B1	Average office floor space per number of staff in office based teams (NIA per FTE)	13.55msq
PMI 5 B2	Average floor space per workstation (not FTE)	6 msq
PMI 5 B3	Annual property cost per workstation (not FTE)	Insufficient data available
Purpose	<ul style="list-style-type: none"> To identify the intensity of use of space. To assist to identify and minimise assets which are surplus or not in use. To minimise costs of assets (or avoidance of costs from acquiring more space) through intensification of use. To measure the level of usage. 	

	PMI 6 A, B : SPEND	
	OBJECTIVES To measure the overall property costs and changes over time. Could be used as a trend indicator within authority and as a comparator with other similar authorities	
PMI 6 A	Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	
PMI 6 B	Gross Property Costs per m2 GIA by CIPFA Categories / Types <div style="text-align: right;"> Schools) Crematorium and Cemeteries) Community Buildings) Depot) </div>	

APPENDIX 1

	Education Non Schools) Info Centres) Libraries) Museums & Art Galleries) Insufficient Administration Buildings data available Parks Buildings) Public Toilets) Day Centres) Sports/Pools))	
Purpose	<ul style="list-style-type: none"> • To relate the total cost of operating property assets to the revenue budget • To build up profiles over time • Through the background information collected it will assist in highlighting buildings that are expensive to run • The process requires considerable back up information, some of which will come from the other indicators in this suite 	

	PMI7 – A, B, C & D Time and Cost Predictability Local Indicator	
	Objective To measure time and cost predictability pre- and post-contract. To identify variability through the design and construction phases of the project, with the added flexibility of optional “local” indicators to start the measures at an earlier stage	
PMI 7A	Time Predictability, Design : The percentage of projects where the actual time between Commit to Design and Commit to Construct is within, or not more than 5% above, the time predicted at Commit to Design.	Insufficient data available
PMI 7B	Time Predictability, Post-Contract : The percentage of projects where the actual time between Commit to Construct and Available for Use is within, or not more than 5% above, the time predicted at Commit to Construct.	75%
PMI 7C	Cost Predictability, Design : The percentage of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design.	33%

APPENDIX 1

PMI 7D	Cost Predictability, Post-Contract : The percentage of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct.	69%
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FINANCE AND EFFICIENCY PORTFOLIO

Report To Portfolio Holder

23rd July 2007



Report of: Head of Procurement & Property Services

Subject: PROCUREMENT UPDATE AND ACTIONS

SUMMARY

1.0 PURPOSE OF REPORT

To provide the Portfolio Holder of procurement developments and activities.

2.0 SUMMARY OF CONTENTS

The report outlines some of the key developments and activities that are currently taking place.

3.0 RELEVANCE TO PORTFOLIO MEMBER

Portfolio Holder is the procurement champion.

4.0 TYPE OF DECISION

Non key decision

5.0 DECISION MAKING ROUTE

Portfolio Holder only

5.0 DECISION(S) REQUIRED

That the Portfolio Holder notes the progress to date

Report of: Head of Procurement and Property Services

Subject: PROCUREMENT UPDATE AND DEVELOPMENTS

1.0 PURPOSE OF REPORT

- 1.1 To provide the Portfolio Holder of procurement developments and activities.

2.0 PROCUREMENT AND THE LOCAL ECONOMY

Legislative Requirements

- 2.1 Procurement is one of the areas of Public Sector activity that is governed by European Union (EU) as well as UK law. There has been specific legislation introduced by the EU and the UK relating to procurement, but additionally 'Public Sector Procurement' is also subject to the Principles of the EU established in the various EU Treaties. These include 'The free movement of Goods, Services and People within the European Community', which in regard to procurement means that all 'Public Sector Procurement' must be:
- Subject to equal / fair treatment – all who want to bid or tender for contracts must be treated the same,
 - Non discriminatory – can't specify that providers or the subject of contract be from UK, England, the North East or Hartlepool,
 - Transparent – every step of the procurement process must be out in the open.
- 2.2 The result of this is that in Public Sector Procurement the definition of 'Local' must include all EU Member States. Subsequently, Local Authorities cannot use their own definition of local, which would usually be 'within the boundaries of the Council'. These 'Principles' mean that not only aren't Local Authorities allowed to target local providers of goods, works or services, they also result in Local Authorities being unable to target:
- Small Businesses / Providers,
 - Voluntary & Community Sector providers,
 - Branded Goods and
 - Other specific items that the Private Sector is allowed to specify / target.

Community Strategy Objectives

- 2.3 Our Community Strategy contains objectives to promote and support the local economy and we should do this through our procurement processes where possible. There can sometimes clearly be a conflict with legislation. In Hartlepool Borough Council the objectives set in the Hartlepool Community Strategy result in the Council's Procurement Strategy containing the Key Strategic Procurement Objective of:
To use the Council's buying power to support local regeneration and economic development and drive innovation in the design, construction and delivery of service, whilst adopting best practice in complying with diversity, equality and human rights legislation.

This includes the following sub-objectives of:

- *To support the growth and development of local small and medium sized enterprises (SMEs) through the Council's procurement activity*
- *To support the growth and development of local voluntary and community organisations in order to build their capacity to win and retain Council procurement contracts.*

Actions Taken in Procurement to promote /support the Local Economy

- 2.4 The EU Principles and Legislation (EU Rules) do restrict and limit the actions available to the Council with regard to procurement, but so long as they are carried out within the EU Rules, the Council can still make positive steps towards its objectives. Such actions to date include:
- Publication of Procurement Guidance Pages on the Council's Website, including:
 - The Selling to Hartlepool Borough Council guide,
 - The Council's Contract Register - list of current and forthcoming contracts with HBC, including contact details for the officer responsible for each contract,
 - Advertisements for contracts,
 - How to apply to join the Selected Tenderers List.
 - Attendance by officers from the Procurement Unit to give guidance on "Doing Business with the Council":
 - At 'Meet the buyer events' run by NE Business Link, Tees Valley Business Link and Hartlepool Business Forum/HBC. A similar event is to be organised in the next 2 – 3 months.
 - At the Hartlepool branch and Regional group meetings of the Federation of Small businesses.
 - At meetings with and events organised by with Owton Fens Community Association, Hartlepool Voluntary Development Association, Tees Valley Voluntary & Community Sector Forum and Tees Valley Social Enterprise Partnership.
 - At training events held by the North East Social Enterprise Partnership and the North East Centre of Excellence / Voluntary

Organisations' Network North East re the perceived need for the 3rd Sector "To Trade or Not to Trade".

- Review of and amendments to the Contract Procedure Rules within the Council's Constitution including:
 - Increasing the financial limits for tenders (where 3 quotations only are required) therefore reducing the requirements on small suppliers to complete more complicated tender documents. Additionally, as there is no requirement to publish public notices / advertise for quotations, this level of contract can be directed more easily towards local providers.
 - In the age of e-government, continuing to publish public notices / advertise contracting opportunities in the local press as well as adopting electronic methods, therefore widening the opportunities for local businesses to be aware of contracting opportunities. Some Councils now use electronic methods only.
 - As part of the current review, (not yet passed to Members for approval), inclusion of the Council's own website as one of the methods of electronic advertising of contract opportunities, again widening the opportunities for local businesses to be aware of contracting opportunities. And including as a second method of electronic advertising of contracting opportunities, the use of the 'Supplier Route to Government Portal' – Supply2.gov.uk, which advises suppliers of contracting opportunities, free of charge in their own locality. Both of these methods are already being promoted in the 'Officers guide to Procurement' and the "Selling to HBC Guide" for suppliers and contractors.
- Promoting within the 'Offices Guide to Procurement' methods of procurement which can support / promote the local economy, including:
 - The use of Community Benefit clauses in contracts.
 - Using the Council's Target Training and Recruitment Charter to include training and employment (of previously long term unemployed) requirements in contracts.
 - Local advertising of contract opportunities as described above.
 - Making contracts accessible to Small Businesses & the 3rd Sector (which will usually include local providers).

Sustainable Procurement Strategy

- 2.6 The National Sustainable Procurement Action Plan (currently the subject of consultation between Local Authorities & Central Government, defines sustainable procurement as:

"...a process whereby organisations meet their need for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment."

- 2.7 The points raised and actions taken to date (described above) with regard to the local economy, have highlighted the importance of having such a strategy which embeds, as much as is possible within the law, benefits to the local economy.
- 2.8 It is therefore proposed that the Corporate Procurement Unit should prepare a draft Sustainable Procurement Strategy, which links the sustainability objectives of the Community Strategy with the Council's Procurement Strategy and the Council's wish to support the local economy, during the second half of the current financial year. And that this strategy is brought before the Portfolio holder for approval at a future meeting.

Local Multiplier Effect (LM3)

- 2.9 The Council has been working with the North East Centre of Excellence (NECE) project to identify the value of spend in the local economy. Interest has also been shown by the Acute Health Trust, Hartlepool PCT and Housing Hartlepool in assessing the effect their procurement has on the local economy.
- 2.10 A report is being prepared to the Hartlepool Partnership Board to update the Partnership on work that is underway in Hartlepool to assess how public agencies can use their purchasing power to promote local economic growth whilst working within the confines of procurement regulations.
- 2.11 An event to include the partners, procurement and regeneration officers and the Portfolio Holder and the Mayor is being arranged to explore benefits in collaboration and understanding the value of local suppliers.

3. PROCUREMENT GUIDANCE

- 3.1 The Officers Guide to Procurement is being continually updated and is held on the Intranet to allow easy access to all officers involved in procurement. Its purpose is to enable a consistent corporate approach to achieve efficiencies and best practice. As part of this continual update process, new sections as well as amendments to keep the guidance up to date with best practice have taken place. These updates have been communicated to all officers of the Council involved in procurement by including articles in "Management Matters - the monthly publication that highlights important information that managers in the council need to be aware of", and by providing updates to, monthly meetings of, the Corporate Procurement Group.
- 3.2 New sections included in the guidance since the last Procurement update report to Portfolio Holder include:

- Community Benefits – to provide guidance on the use of the procurement process to achieve community benefits.
- Selection of Providers – to provide guidance on the processes involved in *“the selection of those providers capable of meeting the Specification”*.
- Evaluation of Solutions (Tenders) – to provide guidance on the processes carried out *“to determine which solution best satisfies the Specification”*.
- Contract Award – to provide guidance on the process of *“awarding the contract to the provider whose solution best satisfies the Specification”*.

3.3 Additionally amendments have been made to various sections of the guidance on subjects as such as but not limited to:

- Sustainability
- Social & Environmental Issues
- Specifications
- Collaborative Procurement
- Conflicts of Interest
- Negotiating
- Equality & Diversity Issues
- Making Contract accessible to SMEs & the £rd Sector
- Advertising Contract Opportunities
- e-Procurement
- Developing the Business case & Procurement Strategy
- Crime & Disorder Act.

4.0 REVIEW OF THE PROCUREMENT FUNCTION

- 4.1. A review of the function is currently being undertaken to focus on both strategic and operational procurement issues.
- 4.2 The strategic function will need to implement strategies and policies across the Council deliver reductions in direct and transactional cost, develop e procurement and make links with the sustainability agenda.
- 4.3 The operational function will focus on spend analysis supplier engagement and contract management.

5.0 RECOMMENDATIONS

- 5.1 That the Portfolio Holder notes the progress to date

FINANCE AND EFFICIENCY PORTFOLIO

Report to Portfolio Holder

23rd July 2007



Report of: Head of Procurement and Property Services

Subject: ENERGY MANAGEMENT
CONSUMPTION AND COST

SUMMARY

1.0 PURPOSE OF REPORT

To inform of the overall trend in energy consumption and costs.

2.0 SUMMARY OF CONTENTS

Deals with energy consumption at Council property and with anticipated future energy cost increases.

3.0 RELEVANCE TO PORTFOLIO MEMBER

Good asset management and use of resources with the objective of minimising energy use and so reducing the effects of climate change.

4.0 TYPE OF DECISION

Non key

5.0 DECISION MAKING ROUTE

Portfolio Holder only

6.0 DECISION(S) REQUIRED

Position to be noted and a further Report be forthcoming when more information is available regarding energy costs for 2008/09.

Report of: Head of Procurement and Property Services

Subject: ENERGY MANAGEMENT
CONSUMPTION AND COST

1. PURPOSE OF REPORT

- 1.1 To provide information upon energy consumption in property and on the likely effect on future costs.

2. BACKGROUND

- 2.1 In the last year the Council's total energy consumption performance in comparison with the previous years was as follows:-

CONSUMPTIONS	GAS (kW h)	ELECTRICITY (kWh)	WATER (cu M)
01 02	43,878,845	10,330,014	207,743
02 03	42,998,606	11,338,518	194,606
03 04	41,528,261	11,639,238	171,205
04 05	39,524,718	11,165,907	175,987
05 06	43,902,270	12,147,829	174,351
06 07	40,011,875	12,401,415	177,228
07 08 Target	39,478,383	12,401,415	175,000

- 2.2 Year on year variances in consumption occur due to seasonal factors, individual site usage and the acquisition and/or disposal of property in a particular year but in recent years the consumption has generally shown a downward trend, electricity is the exception with a continuous growth in consumption. 2005 06 was a particularly long cold winter season and it is hoped that with co operation the downward trend can be continued and the growth in electricity usage arrested. This can only be done as a result of the on going work being done on improving the energy efficiency of the Council's buildings and on savings made due to the raising of energy awareness of all staff. The consumption figures tabulated above can be seen in graphical form with trend indications in **Appendix A**.

Hartlepool Borough Council ran an Energy Awareness Week in November 2006 in partnership with the Energy Savings Trust. During this week a 'Switch it off' campaign was delivered to encourage the switching off of unused electrical equipment, and a number of activities were undertaken including the recruitment of Energy Champions to support and encourage staff within their offices and to spread the 'Switch It Off' message, all staff received a 'Home Energy Survey' through payroll, every Council computer ran a 'Switch it off' screensaver for a week and practical energy advice drop-in centres and Climate Change workshops were held at various locations.

The campaign received considerable positive feedback and over 230 members of staff filled in the Home Energy Survey forms.

Subsequently a pilot project has commenced on Bryan Hanson House, the aim being to monitor the impact of the display of the 'Switch It Off' screen saver. Monitoring equipment has been put into place to determine whether there is a quantifiable reduction in energy consumption as a result of this awareness raising activity. Results will be reported to a future Portfolio meeting.

2.3 Energy saving initiatives includes the following: -

- Energy Saving Week – a week long initiative to raise Energy Awareness of Council staff at home and in the workplace.
- “Switch it off” poster awareness campaign in local authority buildings.
- Climate Change workshops in the Civic Centre, Bryan Hanson House and the Municipal Buildings.
- Energy Savings Trust held “drop in centres” in various locations to raise staff awareness.

2.4 The energy market has fallen back and the large cost increases are hoped to be a thing of the past. The factors which caused the recent surge in prices are still present and still cause uncertainty. The advent of Norwegian Gas supplies has largely stabilised the market.

2.5 A twin pronged approach is being taken to mitigate rising costs involving cost effective procurement combined with endeavouring to reduce consumption, these alleviate additional costs and meet environmental obligations at the same time.

2.6 Hartlepool Borough Council is part of the North Eastern Purchasing Organisation (NEPO) which includes representatives of the vast majority of Local Authorities in the Northern Region (from North Yorkshire up to and including Northumberland), which gives the NEPO tremendous purchasing power on tenders and achieves a discount on fuels in the region on 25%.

2.7 By monitoring the markets NEPO can minimise exposure to the risks of buying in a highly volatile commodity market - using its purchasing power and flexible purchase arrangements to ensure the fuels are bought at the most advantageous time and price.

2.8 The graphs in **Appendix B** shows the savings achieved over the current Energy Contracts for the period of 2003 – to date.

2.9 Gas – It was widely thought during budget discussions that price increases would slow down during the coming year with an increase of 6% likely. The majority of our gas supplies have been purchased for the period April 2007/08 at a reduced cost of approx 18% on the previous year this reflects the softening of the market and the new purchasing methods. A Graph showing gas costs is attached in **Appendix C**.

- 2.10 Electricity – Like Gas the majority of our supplies have been secured for 2007/08 with similar effects as for gas. Half Hourly monitored sites (i.e. our larger sites 12No) costs have fallen by 18% from last year but the fixed price contract negotiated in 2003 for the Non Half Hourly (remainder of our portfolio) supplies has ended in April, this has had the impact of increasing costs by 28-30% depending on cost profile. This is considerably less than the figures discussed during the cost projection discussions within the group, it was thought that Half Hourly supplies would rise by 6% with Non Half Hourly increasing by up to 100% to re-align after the end of the 4 year fixed price contract. A Graph showing electricity costs is attached in **Appendix D**.
- 2.11 Agreement for the flexible purchase of electricity and gas has now been agreed (albeit with a new gas supplier – Centrica [British Gas]) and is fully running.
- 2.12 Water - This resource is charged in what amounts to three elements.
- Water supply – Hartlepool Water Company
 - Sewage disposal – Northumbrian Water (H.W.C. as agent)
 - Surface water disposal – Northumbrian Water (H.W.C. as agent)
- 2.13 Water Supply - charges have been set for the year 2007 – 08 an increase of approximately 6%.
- 2.14 Sewage Disposal- charges have been set for the year 2007 – 08 an increase of approximately 6%.
- 2.15 Surface Water Disposal – up to 2006 this charge has been assessed on rateable value charges, the new system utilises the calculation of surface area of the drained area of the site set against a banded table of costs. This is being phased in over 3 years, this system produces an adverse effect on the council as the majority of the properties in our portfolio utilise large car parks/play yards and / or are single storey (e.g. Schools). The main beneficiaries in this system being large, small footprint buildings, the Civic Centre being one. The impact of these changes is illustrated in the Graph in **Appendix E**

3. FINANCIAL IMPLICATIONS

- 3.1 The energy market is currently quite stable and it is hoped that the market will remain so with prices static for the near future. This whole scenario could be upset by any one of a number of factors terrorism and Middle East unrest being the major factors.

3.2 In summary:-

- Gas - 18% cost decrease from 2006/07.
- Electricity - overall a slight increase in cost due to the expiry of the 4 year fixed price contract for our Non Half Hourly supplies.
- Water – a 12% cost increase (the increase will be similar if not more over the coming years due to Surface Water Disposal charges).

3.3 Energy reports for individual properties, including projected budgetary requirements, are compiled in the September/October timeframe by the Energy Manager and will include the best estimates available at the time. These sent to all Service Managers and the Chief Financial Officer advised of the situation.

3.4 The cost of fuels are tabulated below with fuel cost adjustments to existing consumption for 2007/08. The initial budget set in January was expected to show only a slowing of price increases to 10% and not the sudden fall of 18% now obtained.

COSTS	GAS	ELECTRICITY NHH	ELECTRICITY HH	WATER	TOTAL
01/02	£ 533,190.52	£ 298,863.62	£ 258,201.81	£ 280,014.84	£ 1,370,270.79
02/03	£ 527,022.84	£ 321,507.58	£ 279,093.00	£ 243,438.44	£ 1,371,061.86
03/04	£ 506,395.39	£ 331,205.18	£ 311,198.00	£ 231,300.49	£ 1,380,099.06
04/05	£ 518,884.60	£ 288,769.68	£ 297,578.00	£ 253,501.79	£ 1,358,734.07
05/06	£ 643,587.84	£ 293,020.86	£ 446,024.56	£ 290,377.89	£ 1,673,011.15
06/07	£ 1,040,804.86	£ 319,105.04	£ 628,625.56	£ 334,322.30	£ 2,322,857.76
07/08 Target	£ 932,276.69	£ 414,277.46	£ 515,472.96	£ 377,495.64	£ 2,239,522.75

3.5 Sources within the Gas & Electricity industry anticipate the costs to remain fairly static with just basic inflation rises of say 5-6% for 2008/09. These figures could be upset by many factors already pointed out but will give some indication of industry expectations.

3.6 The Council's future energy policy needs to consider how we can adopt an invest-to-save strategy in providing energy efficiency schemes. This will be essential as part of our Climate Change Action Plan. It may be possible to use the potential savings against predicted energy rises for this purpose. An energy policy is being produced and will be subject in a future report.

3.7 Processes as well as procurement are being reviewed and there have been improvements identified, particularly in invoicing and billing. Electronic billing is being pursued as is direct debits with Hartlepool Water Company.

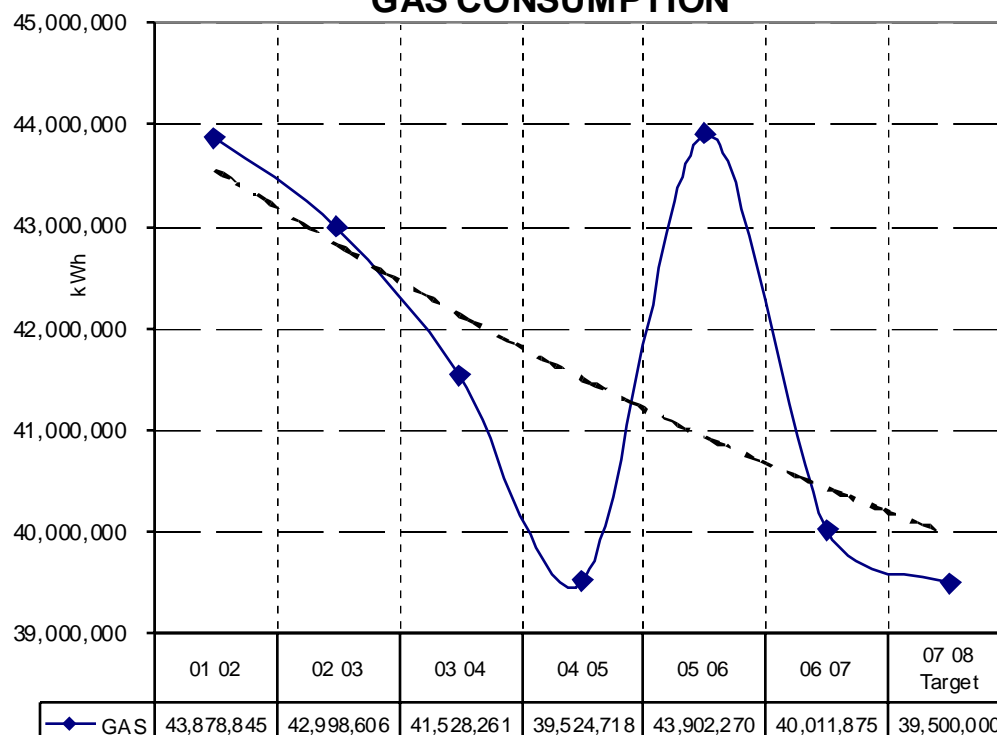
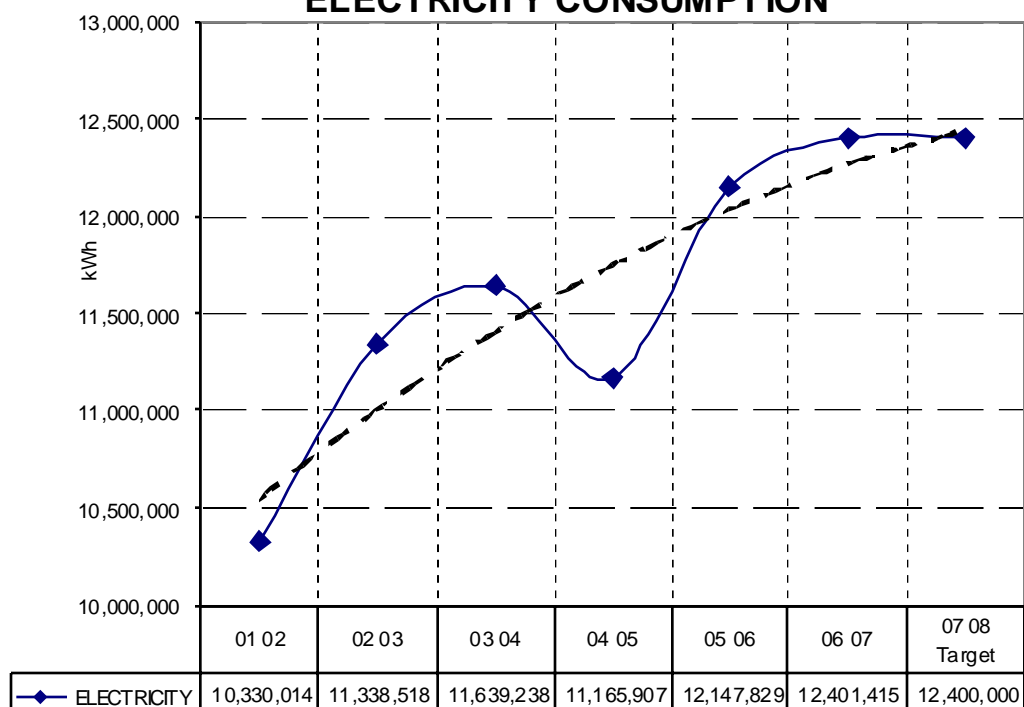
	GAS	ELECTRICITY NHH	ELECTRICITY HH	WATER	TOTAL
08/09 Projection	£ 988,213.29	£ 439,134.11	£ 546,401.34	£ 400,145.38	£2,373,894.12

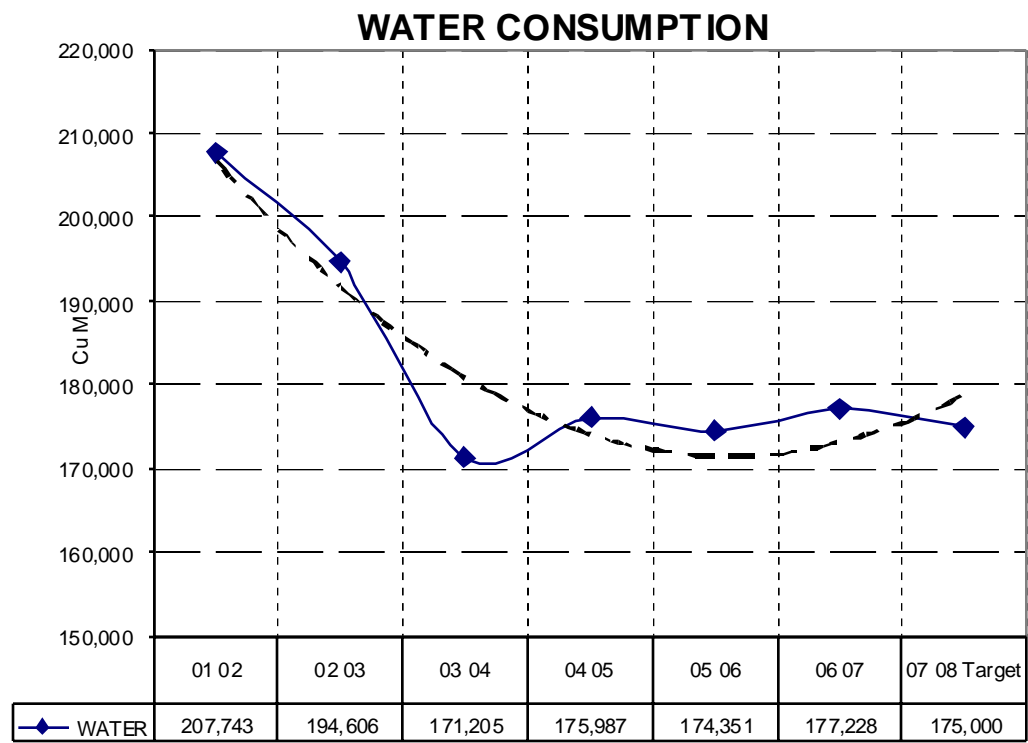
4. RECOMMENDATIONS

- 4.1 The position be noted and that further reports be forthcoming when firm information is available on energy cost increases for the forthcoming year.

CONSUMPTION**APPENDIX A**

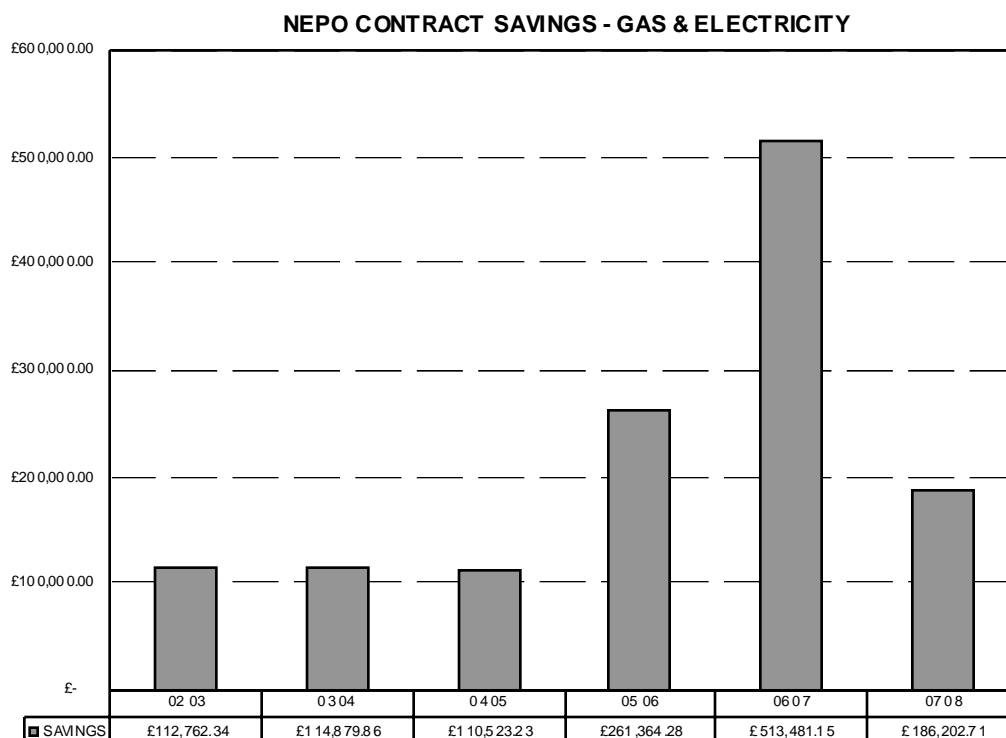
Consumption over the last seven years shows that two of the main fuel consumption levels are falling appreciably.

GAS CONSUMPTION**ELECTRICITY CONSUMPTION**

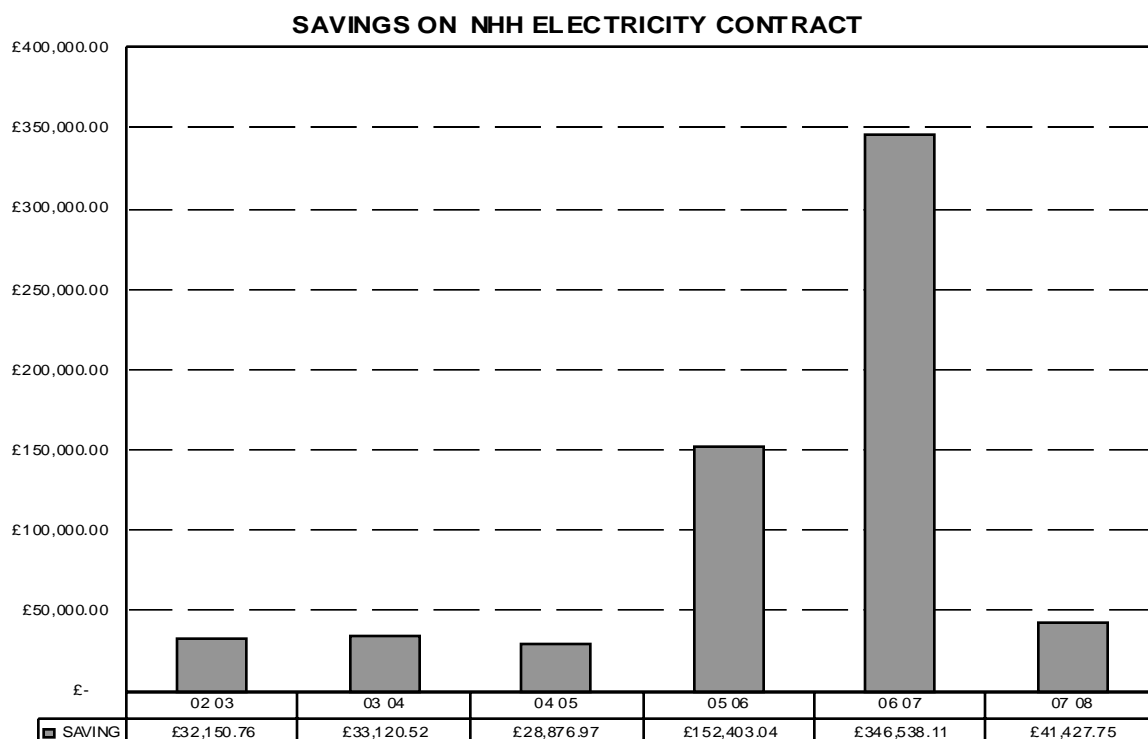


SAVINGS ON NEPO CONTRACT**APPENDIX B**

The savings made during the course of the Nepo Contract are shown below in the form of a graph showing Gas and Electricity savings and the savings resulting in the Non Half Hourly fixed price contract.



The above graph shows the savings achieved on NEPO contract 2003 – 2007 benchmarked against the best alternative single Authority rate offered.



The previous graph illustrates the savings affected purely on the Non Half Hourly fixed price contract through NEPO. As the graph suggests the contract expired in April 2007 and the extent of the savings are unlikely to be repeated, although the NEPO arrangements still provide savings against benchmarked costs.

GAS**APPENDIX C**

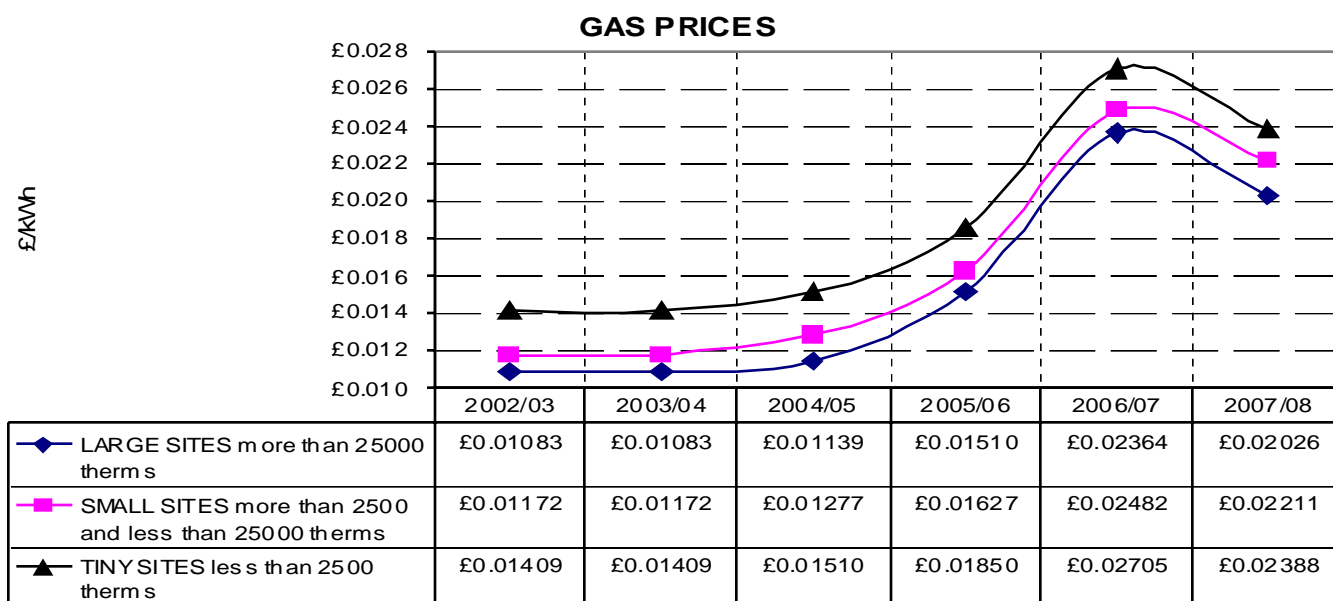
The Current prices for Gas have been fixed for 12 months commencing 1st April 2007 as follow s:

Large Sites (over 25,000 therms/annum)	£0.02026 / kWh
Small Sites (2,500-25,000 therms/annum)	£0.02211 / kWh
Tiny Sites (under 2,500 therms/annum)	£0.02388 / kWh

The above is an average of approx 18% reduction in cost from last years costs, the costs are assessed on purchased tranches of the 10 available and a realistic figure is used for budgetary purposes. This figure will be compared with the final purchase figures and a reconciliation of the account takes place at the end of the financial year. The system is very similar to the 4 tranche system used in the past without the fuel purchase restrictions.

Further complications were the appointment of a new supplier as Eon wished to increase the administration charges which was in breach of the contract for the mutual extension of the contract. Centrica have now taken over the contract.

The graph illustrates the pricing history of the gas contract to date.



Electricity:**APPENDIX D**

Half Hourly supplies averaged over the whole portfolio have reduced by some 18% based on unit costs but the transmission costs have risen considerably this year.

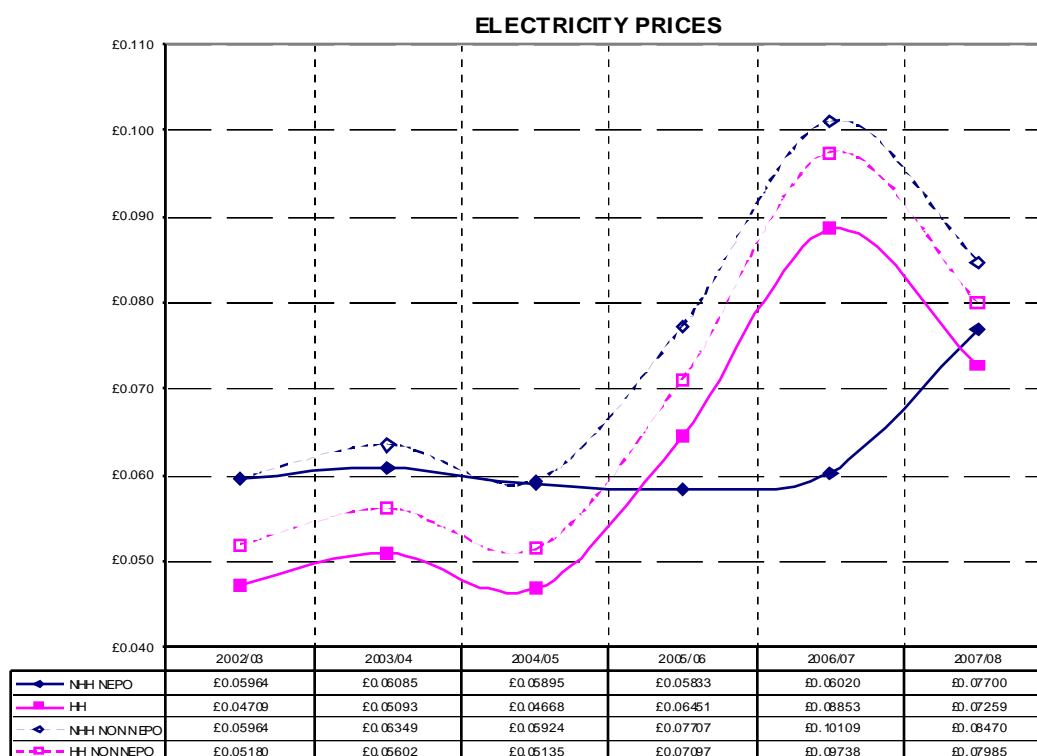
The unit cost of Half Hourly supplies for 2006/07	£0.02885
2007/08	£0.07259

The assessment of the Non Half Hourly supplies is much more complex due to the expiry of the fixed price contract from April 2003, the cost graph of the contract is shown below shows the effect of the fixed price contract as opposed to the Half Hourly supplies and the costs we would have faced without the fixed cost protection. This is based on the averaged cost of the fuels to allow comparison.

NEPO is currently a member of two organisations that provide market intelligence, as follows:

- The MEUC – Major Energy Users Council, which consists of major industry and commerce companies as well as public sector organisations.
- LAGUR – Local Authority and Government Utilities Resource, which is a group set up to share information and expertise within the local authorities of England and Wales.

In addition CIPS Energy Committee Briefings are received on a regular basis. NEPO also subscribe to The Heron Index, which provides a daily update of market prices in the gas industry. We receive Innpower reports daily, which provide market prices in the electricity industry.

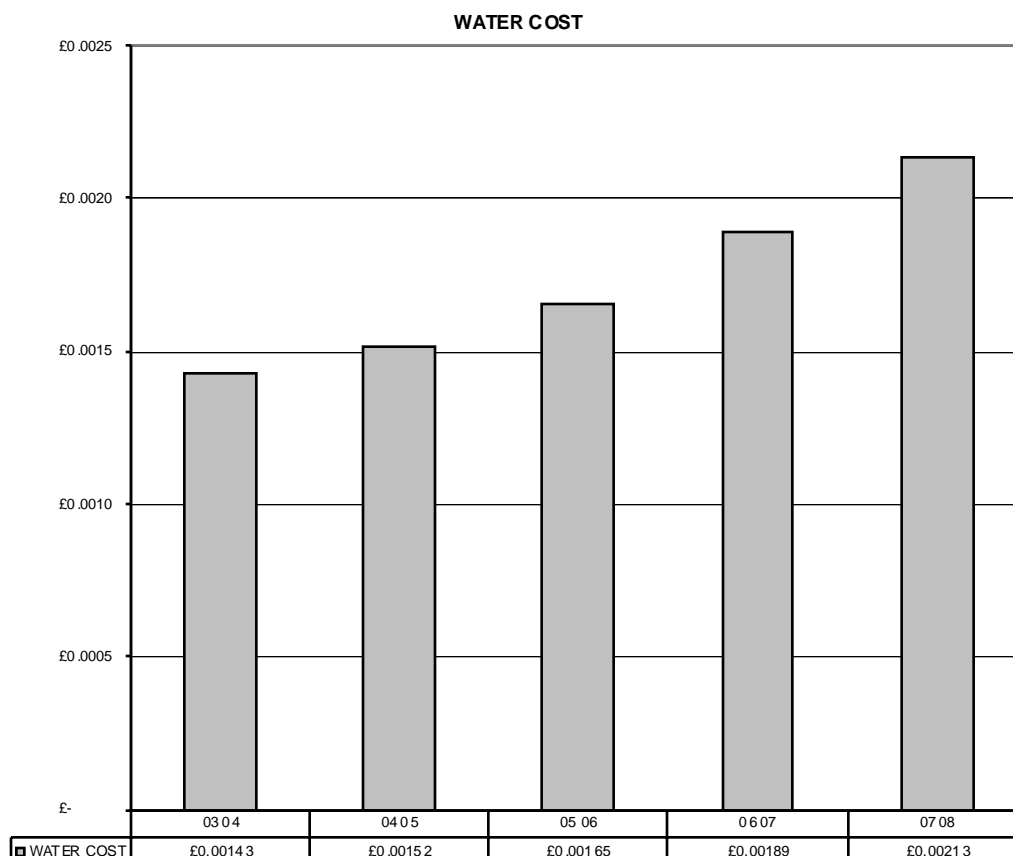


The dashed line marked NHH Non NEPO is the rate expected for a single local authority as opposed to the line marked NHH NEPO. This is to quantify the advantage the fixed price contract achieved over the 2003/07 period. The third line is the Half Hourly costs and shows the estimated Non NEPO costs are not inflated or over estimated.

The flexible purchase of electricity has now been agreed by the Group (NEPO), this entails the purchase of fuel in up to 10 tranches per annum through the supply companies appointed broker at the Energy Exchange. This is a huge improvement on the previous arrangements where only 4 tranches were permitted. The broker obtains a price for energy, which is sent electronically to NEPO, and a team of officers from the Consortium either accept or reject the proposals. The average cost of the fuel will be an ongoing development throughout the year but still has significant advantages.

WATER

APPENDIX E



Water has for a number of years been showing a considerable reduction in consumption, this fall has now levelled off at approximately 20% down on 2000 – 01 levels.

The pricing of water has gone through a number of changes over the last three years; this was explained in section 2.15. The effects of the revisions are clear to see with an accelerated increase in prices. The major part in this increase is the new area charge replacing the Rateable Value charge, the structure favours high density development without drained car parks or play areas.

FINANCE AND EFFICIENCY PORTFOLIO

Report To Portfolio Holder

23rd July 2007



Report of: Head of Procurement and Property Services

Subject: REGIONAL COLLABORATIVE
PROCUREMENT PROGRAMME

SUMMARY

1.0 PURPOSE OF REPORT

The purpose of this report is to inform the Portfolio Holder of work that is being undertaken by the North East Centre of Excellence (NECE) that is likely to impact upon the Council in the future.

2.0 SUMMARY OF CONTENTS

Background to potential for collaborating in the sourcing of a variety of goods and services.

3.0 RELEVANCE TO PORTFOLIO MEMBER

Portfolio is Procurement Champion

4.0 TYPE OF DECISION

Non key

5.0 DECISION MAKING ROUTE

Portfolio Holder

6.0 DECISION(S) REQUIRED

Portfolio Holder is asked to note the report and agree to receive updates as appropriate

Report of: Head of Procurement and Property Services

Subject: REGIONAL COLLABORATIVE PROCUREMENT PROGRAMME

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform the Portfolio Holder of work that is being undertaken by the North East Centre of Excellence (NECE) that is likely to impact upon the Council in the future.

2. BACKGROUND

- 2.1 The NECE have recently enabled all authorities in the region to undertake a comprehensive spend analysis in order to identify within each authority, who is procuring, what is being procured, from whom and when the procurement activity is taking place.
- 2.2 The spend analysis has highlighted that there are large areas of spend that require formal contracting arrangements to be put in place, and this work will require considerable resources across the region.
- 2.3 In 2006/7 NECE commissioned a major study of procurement spend to support the development of a regional collaborative contract programme for the region and to examine the opportunities of sub regional collaboration. The study examined:
- Potential savings
 - Barriers to collaboration
 - Resource requirements
 - Tactical use of e-Auctions and other sourcing techniques
 - Recommendations for successful collaboration
- 2.4 The study analysed data from 23 local authorities and identified £1.5 billion third party annual spend across 434 categories with a potential annual saving opportunity of up to £94 million (although these figures have not been confirmed and are speculative at this stage.
- 2.5 The report concluded that whilst procurement collaboration in the North East has a good track record, the current contracting landscape overall is fragmented and uncoordinated. It has evolved in an unplanned manner over time without a broader strategic vision.

3. CONSIDERATIONS

- 3.1 There are opportunities to deliver efficiencies, achieve strategic outcomes, reduce duplication of effort and better utilise procurement capacity within the region through the harnessing of spend and optimisation of activity into a collaborative strategic approach aligned with Regional Partners.
- 3.2 A programme is therefore being developed to establish a five-year strategic collaborative category management programme to harness 3rd party expenditure of goods, works and services and to optimise procurement activity.
- 3.3 Whilst there are still discussions going on between Officers and NECE regarding the accuracy of the projected savings identified by the consultants engaged by NECE, the programme aspires to:
- Deliver a better deal for council services by understanding the annual spend on bought in goods, works and services
 - Deliver efficiency savings
 - Drive the adoption of e-procurement by the supply market in order to realise the back office process efficiencies from the investment made in e-procurement
 - Deliver consistently high calibre, value for money contracts to everyone
 - Optimise procurement activities into a collaborative, performance management framework, removing duplication and reducing resource requirements by as much as 40% for non lead authorities
 - Shape procurement requirements into a strategic forward plan to maximise the opportunity to stimulate the regional economy, supporting regeneration, delivery of broader policies, drive innovation and market shaping
 - Mitigate the risks of CSR07 whilst stimulating innovation
- 3.4 NECE have developed a Collaborative Procurement Concordat (attached as **Appendix 1**). The purpose of the concordat is to establish a voluntary, clear and transparent framework to govern the interaction to further shared objectives, overcome identified barriers and maximise the value of the outcomes from the programme.
- 3.5 The actual impact upon the Council of any Regional Collaborative Programme is not known at this stage, however in order to maximise the utilisation of expertise and capacity of officers based in other authorities within the region the current contract procedure rules may have to be reviewed to enable other authorities to organise contracts on behalf of the Council.

- 3.6 The Council will also need to take a view on entry into any specific collaborative contracts in relation to the local economy both in Hartlepool and the Tees Valley. It may be appropriate to include local options within larger contracts which would meet Hartlepool's objectives.

4. **RECOMMENDATIONS**

- 4.1 Portfolio Holder is asked to note the report and agree to receive updates as appropriate



Regional Collaboration Procurement Concordat

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Document History

Document Location

This document is only valid on the day it was printed.

The source of the document will be found on the project's file directories under
Reg_Collaborative_Contract_Programme\specialist_products\Concordat

Revision History

Date of this revision: 03/04/2007

Date of Next revision:

Revision date	Previous revision date	Summary of Changes	Changes marked
03/04/2007		First Draft	

Approvals

This document requires the following approvals.

Signed approval forms are filed in the Management section of the project file.

Name	Signature	Title	Date of Issue	Version

Distribution

This document has been distributed to

Name	Title	Date of Issue	Version

1. Framing the Challenge

1.1 Context

The regional collaborative contract programme has been established as a key priority to harness collective buying power and optimise resources to maximise efficiency gains, reduce the risks to delivery and assist local authorities to use their collective resources to optimise the environmental, social and economic impact of their procurement decisions in line with community strategies.

The development of micro and macro baselines during 2006-07 has confirmed the magnitude of the opportunity to harness spend and optimise activity.

The macro baseline development undertakings by E-Three with the support of the NE local authorities identified the total North East Local Authority annual third party expenditure as £1.351 billion across 434 categories. The potential opportunity identified for saving of up to £90 million per annum depending on current contract commitment, changing market conditions, available internal resource and project complexity.

The micro baseline development has provided visibility of all procurement activity and enabled comprehensive corporate procurement plans and registers to be established. This has enabled dialogue between authorities to examine the opportunity for collaboration that would include resource efficiency gains.

Although the amount of work can double for a lead authority managing a collaborative project, non-lead collaborators benefit from a 40% reduction in time spent on the Tender exercise resulting in an overall reduction in resource utilisation. Therefore resource can be managed more effectively through collaboration

However from the development of baselines and through consultation with Local Authorities the following potential barriers have been identified to collaboration that may pose a threat to the deployment of the collaborative programme.

- Lack of resource (personnel as well as financial)
- Lack of Leadership
- Lack of synergy
- Differing priorities
- Political barriers
- Contract alignment

These barriers must be overcome in order to fulfil the collaborative agenda and deliver on savings and efficiency targets.

1.2 Purpose of the Regional Collaborative Procurement Concordat

To deliver a regional collaborative procurement programme to maximise the benefits of purchasing power and harness economies of scale requires a strategic approach and attitude.

Collaboration between local authorities on procurement can bring advantages to those collaborating in terms of cost efficiency and attractiveness of schemes to the market, however collaboration should not be undertaken lightly and careful consideration should be given to the additional complexities that will inevitably arise by joining up with another authority(s) to procure.

The purpose of concordat is to establish a voluntary, clear and transparent framework to govern their interaction to further shared objectives, overcome challenges and maximise the value of the outcomes from the programme.

The Concordat will demonstrate the desire and commitment of Local Authorities organisations in the North East to work together, using procurement and their collective resources, to maximise efficiency gains, reduce the risks to delivery, maximise the environmental, social and economic impact of their procurement decisions, in line with respective business strategies and plans, to improve the well-being of the communities they serve

The Concordat will set out the framework that will consider;

- General Aims and Principals
- Scope of Cooperation & Collaboration
- Commitment & Expectation
- Confidentiality and Exchange of Information
- Communication and Consultation
- Review of relations

The Concordat is not intended to constitute a legally enforceable contract or to create any rights or obligations that are legally enforceable. It is intended to be binding in honour only.

2. The Regional Collaborative Procurement Concordat

To achieve a regional collaborative procurement programme to maximise the benefits of purchasing power and harness economies of scale requires a strategic approach and attitude.

Aims of Regional Procurement Collaboration.

In compliance to the framework of Legislation and embodying National Strategies and policies and those of individual authorities, we will;

- strive to work collectively seeking to maximise the benefits of purchasing power and harness economies of scale adopting a once only approach thus avoiding duplication;
- take a long term view of regional procurement and will strive towards alignment of contracts to maximise buying power to further the development of collaborative arrangements;
- encourage and enable wide participation of local authorities in procurements by reducing barriers to participation;
- seek to identify and invite regional stakeholders at an early stage in all procurement planning;
- seek to minimise duplication through improved communication, planning and co-ordination to maximise the economies of effort;
- work towards the development of a regional contract register to support the development of collaborative arrangements;
- work towards the development of a regional collaborative contract programme optimising 3rd party spend and harnessing procurement activities;
- promote and enable access to the benefits of contracts to be let by opening contracts to the many and not restricting to the few.

Principles Governing Procurement Collaboration:

- **Reciprocity:** At the heart of successful collaborations there needs to be direct benefit to participating stakeholders. These reciprocal rewards while not necessarily the same, will benefit each partner;
- **Leadership:** Successful collaborations require leadership. All participating authorities must recognise the role of the lead authority. Participating authorities in the procurement process will work under the direction of the lead authority and will work at the pace of the lead authority. The lead authority will bear the management administration of the project and will endeavour to accommodate requests of the participating authorities early in the planning stage;
- **Commitment:** The lead authority must be assured by participants of their commitment to the project life cycle at the earliest point, determined by the lead authority, and commitment must be maintained through the life of the project;
- **Representation:** Successful collaborations bring all the relevant Stakeholders to the table to launch and implement the collaboration. This requires thinking broadly to identify potential regional participants
- **Delivery:** To determine the appropriate lead authority and organisation required for the successful procurement, the collaboration will seek to optimise available expertise and capacity;
- **Skills and Human Development:** Whatever the product of procurement collaboration, it should result in the empowerment of those involved, supporting the transformation of their authority and build new individual and organisation capacity;
- **Belief in Collaboration:** Those involved must believe that more can be achieved by working together than working alone and bring this perspective to the dialogue;
- **Transparency:** There must be an open and honest expression and process to ensure ongoing review and evaluation;
- **Acknowledgement of Contributions:** A willingness to acknowledge contributions and share credit is the goal;
- **Continual Consultation:** New relationships demand investment of time, energy and goodwill;
- **Sharing:** Sharing of resources, knowledge, expertise, information and data for the benefits of all participating authorities.

FINANCE AND EFFICIENCY PORTFOLIO

Report To Portfolio Holder

23rd July 2007



Report of: Head of Procurement and Property Services

Subject: PROPOSED SALE OF LEICESTER GROVE
GARAGE FORECOURT

SUMMARY

1.0 PURPOSE OF REPORT

To obtain Portfolio Holder approval to the proposed sale of land to facilitate a social housing development.

2.0 SUMMARY OF CONTENTS

The report contains an outline to the proposal, detailing the scheme, and highlighting the financial implications and social benefits for the Council.

3.0 RELEVANCE TO PORTFOLIO MEMBER

Portfolio Holder has responsibility for the Council's land and property assets.

4.0 TYPE OF DECISION

Non Key

5.0 DECISION MAKING ROUTE

Portfolio Holder only

6.0 DECISION(S) REQUIRED

- i) That Portfolio Holder grants approval to the proposed transfer of the land for social housing subject to one of the options proposed.

Report of: Head of Procurement and Property Services

Subject: PROPOSED SALE OF LEICESTER GROVE
GARAGE FORECOURT

1. PURPOSE OF REPORT

- 1.1 To obtain Portfolio Holder approval to the proposed sale of land to facilitate a social housing development.

2. BACKGROUND

- 2.1 The Council have recently been approached by Housing Hartlepool, who in turn have been invited by the Housing Corporation to enter a 'mini bidding round' for funding to develop social housing.
- 2.2 Housing Hartlepool have identified a potential site that would closely link with the regeneration work that they are currently proposing to undertake in partnership with the Council in the 'Belle Vue' area.
- 2.3 A need has been identified within this area for the provision of 2 bungalows which will provide accessible accommodation to specific needs groups. The Council would have 100% nomination rights to these bungalows.
- 2.4 Housing Hartlepool have identified that their Leicester Grove garage site off Oxford Street would be appropriate for this use. As their enquiries have progressed prior to a planning application being submitted they have noticed that although the garages themselves were transferred to Housing Hartlepool upon stock transfer, the forecourts to these garages were not transferred.
- 2.5 Housing Hartlepool have therefore approached the Council to ascertain whether the Council would be willing to transfer its freehold interest to the Council. The land that they would require for the proposed development is shown attached to this plan at **Appendix 1**. It is proposed that the Council land to the north west of the proposed site would be developed to provide a better car parking facility. At this stage it is anticipated that Housing Hartlepool would carry out the work to this car parking under a licence agreement.

3. FINANCIAL IMPLICATIONS

- 3.1 The financial implications can be found attached at the confidential **Appendix 2. This item contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information)(Variation) Order 2006) namely, Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

4. RECOMMENDATIONS

- 4.1 That Portfolio Holder grants approval to the proposed transfer of the land for social housing subject to one of the options proposed.

Location Plan

